

**COMPETITIVE ACCESS PROVIDERS
STATUS IN BELL SOUTH**

STATE	CITY	VENDOR	STATUS
LOUISIANA	New Orleans	Two-Way Communications LOCATE	Offers digital microwave bypass to selected buildings in downtown area. High capacity digital microwave local distribution facilities for private networks and competitive access to IXCs in place. No customers confirmed.
		Access Transmission Services (MCI Metro) Louisiana FiberNet	Applied in December 1993 to the New Orleans City Council seeking right of way to operate as CAP. Application is pending. Applied in December 1993 to the New Orleans City Council seeking right of way to operate as CAP. Application is pending.
	Baton Rouge Lafayette New Orleans Shreveport	American Communication Svcs., Inc. (ACSI)	In late 1993 indicated plans to develop and operate fiber optic networks in midsize cities in the south. Of 63 potential target cities identified (41 within BellSouth), ACSI plans to be operational in five by July 1995 and in a total of 20 by 1996. Applied in December 1993 to the New Orleans City Council seeking right of way to operate as a CAP. Application is pending.
MISSISSIPPI	Jackson	Access Transmission Services	Fiber between MCI and LDDS POPs. No other known customers. Subsidiary of MCI.
	Biloxi Jackson	American Communication Svcs., Inc. (ACSI)	In late 1993 indicated plans to develop and operate fiber optic networks in midsize cities in the south. Of 63 potential target cities identified (41 within BellSouth), ACSI plans to be operational in five by July 1995 and in a total of 20 by 1996.

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NORTH CAROLINA	Charlotte	ICG-Access Services	Privacom of Charlotte was acquired by ICG-Access Services (Teleport Denver) in early June 1993. Completed fiber ring in downtown area. The 45-mile network became operational in April 1993 and serves 30 buildings.
		Charlotte Acs, L.P.	A joint venture between Time Warner and Vision Cable. The network is under construction.
		LOCATE	Provides high capacity digital micro-wave local distribution facilities for private networks and competitive access to IXCs. Has limited number of customers.
	Greensboro	ICG-Access Services	Stated intention in July 1993 to provide alternate access. No fiber in place.
	Raleigh	FiberCOM, Inc.	Operates a 45-route mile fiber optic network serving the Raleigh, Durham Cary, and Research Triangle Park areas. The owner of FiberCOM also owns Business Telecommunications, Inc. (BTI), a long distance reseller.
		ICG-Access Services	Stated intention in July 1993 to provide alternate access. No fiber in place.
		Time Warner Acs/FiberNet	Have announced plans to build networks in Raleigh/Durham/Research Triangle Park.
	Asheville Charlotte Greensboro Winston-Salem	American Communication Svcs., Inc. (ACSI)	In late 1993 indicated plans to develop and operate fiber optic networks in midsize cities in the south. Of 63 potential target cities identified (41 within BellSouth), ACSI plans to be operational in five by July 1995 and in a total of 20 by 1996.

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SOUTH CAROLINA	Columbia Charleston Greenville Spartanburg	ICG-Access Services	Stated intention in July 1993 to provide alternate access. No fiber in place.
	Charleston Columbia Florence St. George	PalmettoNet, Inc.	Formed in 1985 by a consortium of independent telephone companies operating in South Carolina to provide interexchange access services. PalmettoNet operates over 700 total route miles of fiber optic facilities and serves the major IXCs. Also connects numerous independent company cities.
	Charleston Columbia Greenville	American Communica- tion Svcs., Inc. (ACSI)	In late 1993 indicated plans to develop and operate fiber optic networks in midsize cities in the south. Of 63 potential target cities identified (41 within BellSouth), ACSI plans to be operational in five by July 1995 and in a total of 20 by 1996.
TENNESSEE	Memphis	City Signal	A 60-mile network ring has been completed in conjunction with Memphis Light, Gas and Water and Memphis Cablevision. Customers include Baptist Hospital, Methodist Hospital, and Campbell Clinic.
		Time Warner	Filed for statewide certificate with TPSC to provide private line and access services on 3/19/93. Filing is pending. Initial plans are to provide service utilizing cable facilities of Memphis Cablevision.
	Nashville	ICG-Access Services	Dry fiber from SCB turned up Jan. 20, 1994, network under construction. Dry fiber from SCB connects several IXC POP locations. Filed for statewide certificate with TPSC to provide private line and access services on

9/30/93. Filing is pending.

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TENNESSEE	Nashville	City Signal	Dry fiber from SCB to serve as the backbone for its inner ring turned up on 2/7/94. Expected to place additional fiber on Nashville Electric Service rights-of-way.
		Hyperion	Applied for a certificate of Public Convenience and Necessity on March 3, 1994 to provide intrastate point to point and telecommunications access services in Davidson, Williamson, Maury, Rutherford, Wilson and Sumner Counties. Filing is pending.
	Chattanooga Knoxville Nashville	American Communication Svcs., Inc. (ACSI)	In late 1993 indicated plans to develop and operate fiber optic networks in midsize cities in the south. Of 63 potential target cities identified (41 within BellSouth), ACSI plans to be operational in five by July 1995 and in a total of 20 by 1996.
	Unspecified	Access Transmission Services (ATS)	Applied for certificate of Public Convenience and Necessity to provide intrastate-private line and access services in Tennessee on 11/23/93. Filing is pending. The majority of the Western Union facilities acquired by ATS are located in Nashville and Memphis.

April 1, 1994

STATUS OF INTRALATA TOLL COMPETITION

ALABAMA

Effective October 3, 1991, in Docket No. 19356 Phase III, the Commission authorized intraLATA competition (both intraLATA toll and private line) with the exception of 1+/0+. Unblocking of intraLATA 10XXX calls began on December 16, 1991. Although compensation for intraLATA traffic was eliminated, South Central Bell was permitted to recover the amount of intraLATA compensation billing during the prior twelve months through an increase to access charges. During the three-year period following the 10XXX implementation date, IXC's and resellers will be billed an additional amount for actual originating 10XXX intraLATA toll minutes of use, with existing reseller traffic volumes exempted. This billing will be phased out over the three-year period. LEC toll and access rate rebalancing via the Rate Stabilization and Equalization (RSE) points of test will be also implemented over this three-year period. Resellers pay compensation on 10XXX intraLATA minutes of use growth.

FLORIDA

In an order issued October 1, 1990, Docket Number 880812-TP, the Florida PSC eliminated Toll Monopoly Areas effective December 31, 1991 which opened 10XXX intraEAEA calling and intraEAEA private line provisioning to carriers. The order retained 1+, 0+, and 0- intraLATA calling for local exchange carriers (LECs) and eliminated intraEAEA compensation to LECs by the carriers, however, on 4/12/93 MCI filed its proposal for intraLATA presubscription along with its intervention in Docket 930330-TP, Investigation into IntraLATA Presubscription.

On 10/28/93 the PSC Staff released its recommendation with the following findings: the implementation of intraLATA presubscription is in the public interest (two PIC and no balloting); 0- traffic should remain with the LEC; implementation should be phased in over a five year period beginning in 1995; cost should be borne by both the LECs and the IXC's; all LECs should conduct a study to determine costs of implementation to be completed by 6/30/94. On 11/9/93 the PSC considered the Staff's recommendation and reviewed the issues. It concluded that action would be premature and voted to set a schedule for hearings to begin in September 1994.

GEORGIA

Effective March 20, 1992, in Docket 3995-U the Commission authorized all intraLATA toll competition with the exception of 1+/0+/0- services. Unblocking of intraLATA 10XXX calls was to be completed within three months of the order date. IntraLATA private line competition was also authorized with this order. An industry task force is to be established to investigate 1+/0+/0- issues. However, no authorization of 1+/0+/0- competition shall be implemented for three years.

Although compensation for intraLATA traffic was eliminated, Southern Bell was permitted to recover the amount of intraLATA compensation billing during the prior twelve months through an increase to access charges. During the three-year period following the 10XXX implementation date, IXC's and resellers will be billed an additional amount for actual originating 10XXX intraLATA toll minutes of use, with existing reseller traffic volumes exempted. This billing will be phased out over the three-year period.

GEORGIA (CONT.)

A rate rebalancing plan for LECs, to be implemented over the same three-year period, will achieve competitive toll rates and access parity with interstate rates.

KENTUCKY

On March 29, 1990, the Commission issued an Order in Administrative Case (AC) 323 finding intraLATA competition in the public interest. On May 6, 1991 the Commission ordered the implementation of intraLATA 10XXX competition by 1Q92. Tariffs, necessary for the implementation of 10XXX competition, the reduction of access charges, and the reduction of toll to competitive levels were effective on March 2, 1992. In its order in Phase II of AC 323 on July 24, 1992, the Commission ruled that IXCs were not required to compensate LECs for intraLATA traffic carried over services authorized for interLATA beyond access charges already paid. The implementation of other competitive services followed in phases. Private line competition was effective 9/3/92. The industry task force, established to plan for 1+/0+ implementation, released its report November 6, 1992. On 4/13/93 the PSC granted GTE's request for hearing in AC 323 to address 1+ intraLATA presubscription costs, the timeframe for 1+ presubscription, and the cost recovery mechanism. Hearings were held on 6/2/93.

LOUISIANA

On October 18, 1991, the Commission issued an Order in Docket U-17949 Subdocket B approving all forms of competition except 1+/0+. IntraLATA 10XXX competition was implemented on December 16, 1991. IntraLATA private line competition was also authorized with this order. A forty mile local calling area was established for all Louisiana customers. All calls made within this calling area are considered local calls. However, 10XXX calls within the 40-mile band are not blocked by the LECs.

MISSISSIPPI

On December 13, 1991, the Commission issued an Order in Docket 90-UA-0280 stating its intent to allow 10XXX competition and eliminate compensation at some future date. On June 2, 1992 the Commission issued a Proposed Order and opened a new docket, 92-UA-0227, to implement 10XXX competition. The Commission established a target implementation date of September 1, 1992.

On October 27, 1992 a final order approving 10XXX intraLATA competition was issued effective January 15, 1993. The Order required certification of carriers to provide intraLATA toll, abolished compensation payments, and reserved 1+/0+/0- for the LECs.

NORTH CAROLINA

On January 13, 1992, MCI petitioned for intraLATA facility-based authority or, in the alternative, asked the Commission to schedule a hearing on intraLATA facility-based competition. AT&T supported MCI's request. On June 15, 1992 AT&T filed a motion requesting 10XXX 0+ be opened prior to a decision on 10XXX 1+. Reply comments filed by the interested parties showed the LECs supported the NCUC delaying a decision until both 10XXX 0+ and 10XXX 1+ could be addressed together. The carriers supported AT&T's position. The NCUC ordered unblocking of 10XXX 0+ on September 8, 1992. Implementation was completed January 15, 1993 for AT&T and MCI, the first two carriers that requested 10XXX 0+ intraLATA traffic be sent to them.

NORTH CAROLINA (CONT.)

On October 12, 1993 AT&T, MCI, and Sprint filed a joint petition stating that the Industry Task Force established to develop recommendations on 10XXX 1+ intraLATA had been effectively dissolved. They requested the NCUC to 1) authorize facility-based intraLATA competition effective 1/1/94, other than on a 1+ basis, 2) eliminate the compensation requirement 1/1/94, and 3) schedule hearings to address 1+ intraLATA competition and related issues. The NCUC, in consolidated Dockets P-100 Sub 72, P-100 Sub 65, and P-141 Sub 19, authorized 10XXX 1+ competition and eliminated the compensation requirement effective July 1, 1994. It also set a hearing on April 19, 1994 to address access charge issues.

On March 21, 1994 BST filed a stipulation and agreement in which the parties agreed on all but one of the issues set for hearing on April 19. The LECs will file tariffs to be effective by 7/1/94 bringing intraLATA access rates to parity with intrastate interLATA access rates. The parties agreed on the establishment of a High Cost Fund, into which IXC's will pay at the rate of \$.0001 per terminating MOU for three years from 7/1/94, applicable to LECs with under 50,000 access lines. If the parties can not reach agreement on the imputation of access charges, the Commission will likely set a hearing prior to 7/1/94.

SOUTH CAROLINA

At Divestiture one carrier, who eventually became a subsidiary of MCI, was authorized for intraLATA facility-based competition (10XXX) in South Carolina.

On March 25, March 26, and April 3, 1992 MCI, Sprint, and AT&T, respectively, filed petitions requesting intraLATA authority in South Carolina. The three dockets were combined for hearing held September 23, 1992. An Industry Task Force, established by the SCPSC on November 2, 1992, was ordered to make a recommendation addressing the issues of implementing 10XXX within 6 months from the date of the Order. The Commission approved 10XXX intraLATA competition on May 18, 1993 but reserved 1+/0+/0- intraLATA for the LECs, in accordance with the Task Force stipulated agreement. Compensation for intraLATA traffic ceased with the effective date of the order.

TENNESSEE

On June 27, 1991 the Commission issued an Order in Dockets 89-11065, 89-11735, and 89-12677 denying the IXCs' request for intraLATA authority but ordering the LECs to unblock 10XXX within the LATAs. On July 1, 1991 intraLATA 10XXX was unblocked.

Competitive intraLATA private line circuits can be provided only to customers with an interLATA private line network. The existing compensation plan was terminated on January 1, 1992. However, SCB was kept whole on the existing level of compensation through December 31, 1992.

Illustrative Example - Geographic Scope of Markets

This illustrative example shows that in defining the geographic area to be subject to streamlined regulation areas which are contiguous to areas in which competitors have placed facilities must be considered.

In this example, based on a fictitious area called "Alpha", there are several ways that areas could be defined as competitive:

- a. Metropolitan area wide basis: Determine which of the wire centers have the majority of their land area within the MSA, and then, if this area as a whole meets the competitive criteria, it would be subject to streamlined regulation.

As seen in Figure 2, every wire center except for AA, EE, and JJ would fall within the MSA. By including wire centers such as LL and MM, which are not even close to the competitors' facilities, the LEC could be precluded from proving the competitive criteria have been met.

- b. Wire center basis: Determine which individual wire centers meet the competitive criteria. In this example, the following wire centers would need to be tested: BB, CC, DD, FF, HH, and II.

Assuming each of these wire centers could meet the competitive criteria, the area shaded in Figure 3 would be subject to streamlined regulation.

As can be seen in Figure 3, areas that could quickly be addressed by the competitor, such as wire center GG, would not be eligible for streamlined regulation.

- c. Area to be defined by the LEC: The incumbent local exchange carrier would determine the area to be considered for streamlined regulation. This determination, possibly subject to rules about contiguity, would result in a candidate area that would need to be tested as a whole to see if it meets the competitive criteria.

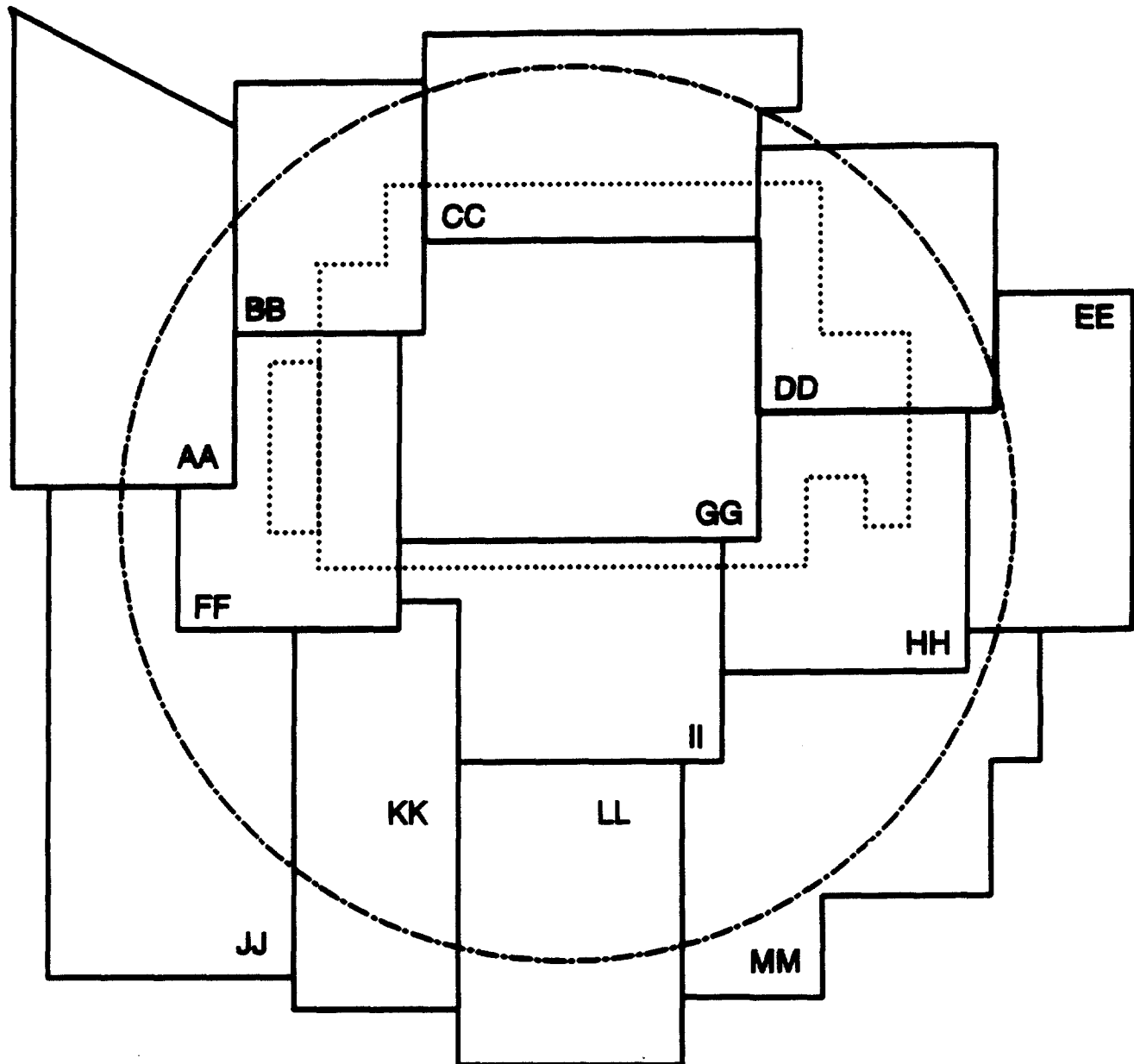
In this example, the LEC determines that many of the telecommunications intensive businesses in wire center AA are located in the southeast corner of the wire center and would therefore be vulnerable in the near future. In addition wire center GG, because of its location, is very vulnerable to competition. Based on this, an area encompassing wire centers AA, BB, CC, DD, FF, GG, HH, and II is tested as a candidate area for streamlined regulation. Assuming the area as a whole meets the criteria, then this area, shown as shaded in Figure 4, would be subject to streamlined regulation.

This methodology for selecting the relevant area has several advantages over the previous examples. It did not include areas that should not be included (as did the MSA approach) nor did it leave out areas that should be included (as did the individual wire center approach).

METRO AREA: ALPHA

GENERAL DEPICTION OF THE AREA

Figure 1



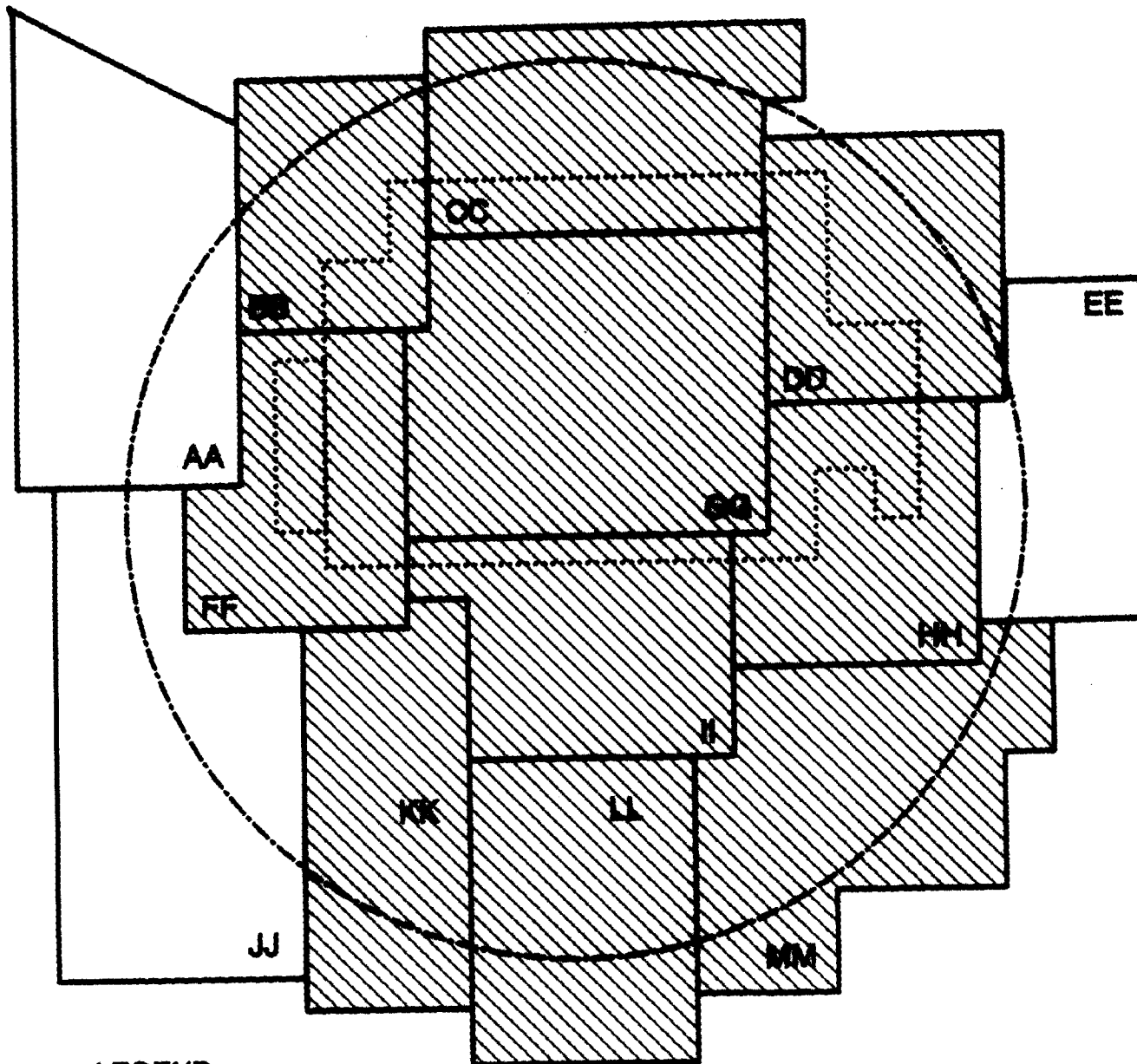
LEGEND:

- CAP Facilities
- XX Wire Center Name
- MSA Boundary
- Wire Center Boundary

METRO AREA: ALPHA

METROPOLITAN AREA APPROACH TO DEFINING RELEVANT AREA

Figure 2



LEGEND:

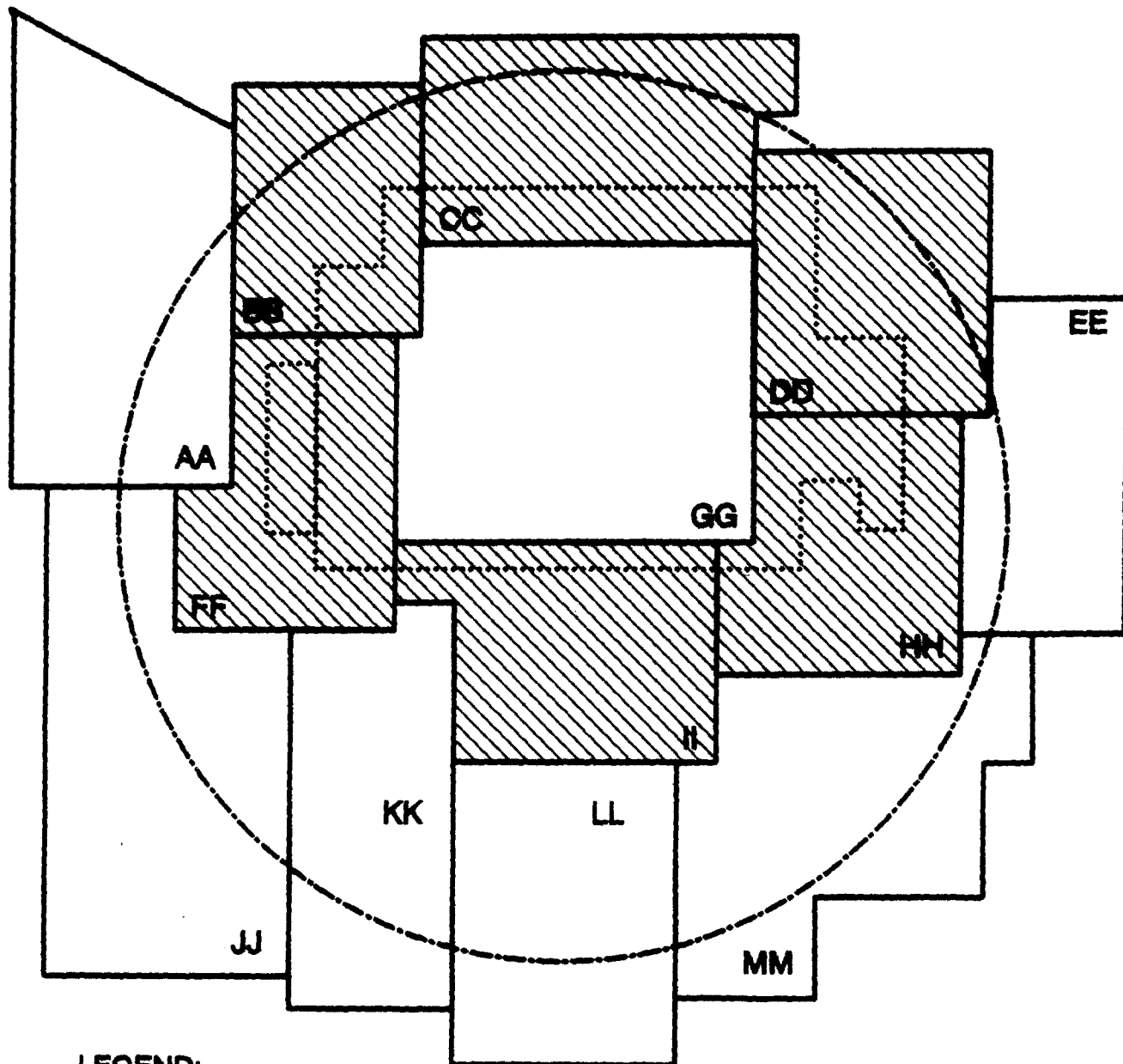
- CAP Facilities
- XX Wire Center Name
- MSA Boundary
- Wire Center Boundary
- Area to be Tested

ALPHARE.DWG/PAGE 2


METRO AREA: ALPHA

Figure 3

WIRE CENTER APPROACH TO DEFINING RELEVANT AREA



LEGEND:

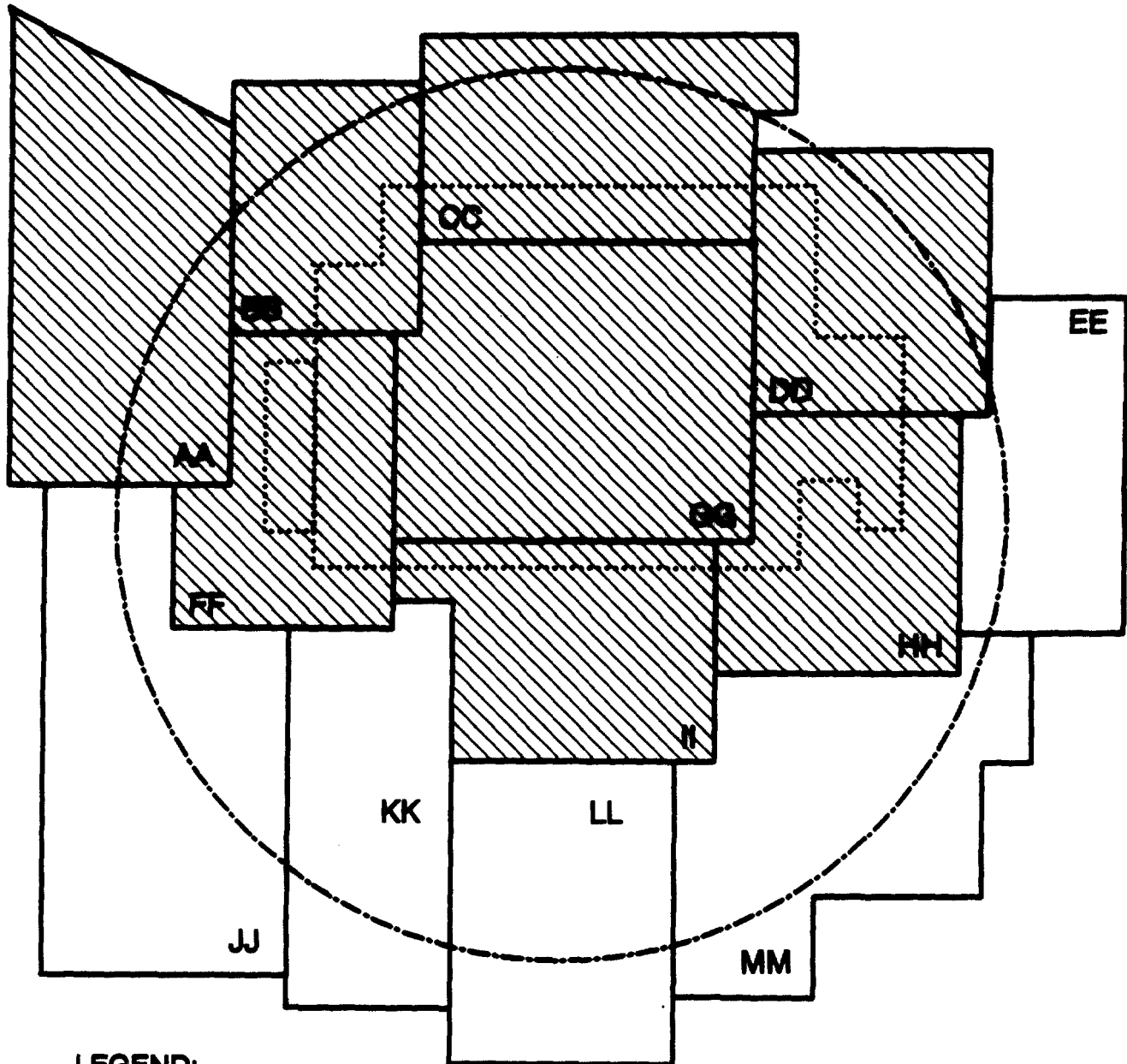
- CAP Facilities
- XX Wire Center Name
- MSA Boundary
- Wire Center Boundary
-  Area to be Tested

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METRO AREA: ALPHA

FLEXIBLE GUIDELINES APPROACH TO DEFINING RELEVANT AREA

Figure 4



LEGEND:

- CAP Facilities
- XX Wire Center Name
- - - - - MSA Boundary
- Wire Center Boundary
-  Area to be Tested

ALPHA/BLDR/PP/000

1993/1994
MERGERS/ACQUISITIONS/JOINT VENTURES/ANNOUNCEMENTS

January 1993

Time Warner Inc., the country's second largest cable operator, announced plans to build its "Full Service Network", a fiber optic network to the home in the Orlando and Melbourne, Florida areas. The company plans to provide video-on-demand, interactive games, distance learning, full motion video, interactive shopping, PCS, video conferencing, high speed data services and long distance telephone service. Initially the network will serve about 4000 customers. Time Warner made it clear that this is not a test and that ultimately all its systems will be similarly configured. Subsequently, Time Warner chose AT&T to provide an ATM switch for the Orlando Full Service Network to support a host of interactive television services. The switch will route voice, data and video traffic across Time Warner's digital broadband network. Qualcomm was selected to supply code division multiple access (CDMA) wireless technology for the network. Originally scheduled to be operational by April 1994, completion has been delayed until fourth quarter 1994 because of equipment delays.

February 1993

Southwestern Bell announced that it would purchase two CATV companies in the Washington D.C. area, Montgomery Cablevision and Arlington Cable Partners, both owned by Hauser Communications. Southwestern also provides cellular service in the Washington D.C. area through its Cellular One unit.

NFS announced the completion of its 66 route mile fiber optic network and the opening of its network operations centers in Atlanta. The network is the first all Synchronous Optical Network (SONET) in Atlanta and will initially serve 54 buildings in the downtown, midtown, Buckhead and Perimeter Center areas. The network will provide access to the services of another NFS affiliate, NFS Datanet, Inc.

March 1993

Teleport and **Elcotel**, a manufacturer of public communications products, announced the end of an 18 month trial using Elcotel's intelligent payphones and an enhanced management reporting system in and around New York City. This trial marked Teleport's first entry into owning and operating a large base of public payphones and routing the calls over its network. A master purchase agreement between Teleport and Elcotel will support future projects of a similar nature that Teleport is pursuing in other locations. In September 1993 Teleport was given a five-year franchise to provide 3,000 public telephones for all Port Authority properties in New York and New Jersey.

In May 1992 **Sprint** unveiled plans to buy **Centel Corporation**. The merger, closed in March 1993, resulted in Sprint operating in not only the long distance market, but also the local and cellular telephone markets.

The **Southern Company** announced the purchase of a 9.95 percent stake in **First Pacific Networks**. First Pacific has a similar relationship with **Entergy**

Enterprises, the unregulated subsidiary of Entergy Corporation. The relationship focuses on the marketing and deployment of First Pacific's PowerView™ product, which enables customer controlled energy management and demand side energy management applications for electric utilities. Equipment supplied by First Pacific is being used to provide CATV and telephone services over the same facility in Glasgow, Kentucky, Canby, Oregon, and Queens, New York. The Queens application is a partnership among First Pacific, Time Warner, and MCI.

Florida Power Corporation announced the immediate availability of transmission and distribution structures, excess dark fiber, microwave tower installations and established transmission right-of-way corridors for lease to telecommunications companies with current Florida Public Service Commission certification.

April 1993

TCI announced plans to spend \$1.9 billion by 1996 to upgrade its network with fiber optic facilities. TCI's network will be concentrated in eight cities, including Miami.

May 1993

LDOS announced that it had signed a definitive merger agreement with Metromedia and Resurgens to create what would be the fourth-largest long distance carrier in the country.

Digital Equipment Corporation joined with LANCity Corporation and announced a system for high speed multimedia data networking over ordinary CATV lines. Based on Ethernet, the system enables multimedia data to be transmitted at 10 Mbps over television coaxial cable channels, providing up to seven times the capacity of T-1 lines at comparable rates. DEC will offer services in partnership with CATV companies to businesses, universities, local governments and hospitals that need to send data between computers at different sites up to seventy miles apart.

US West announced that it would invest \$2.5 billion for a 25% share of Time Warner Entertainment, the country's second largest cable operator with 7 million subscribers. One billion of the investment will be targeted to accelerate the building of full service networks, expected to be completed by 1998 for the majority of Time Warner's cable systems. The deal was closed in mid September.

June 1993

First Pacific Networks, a California-based manufacturer, announced its FPN1000 Cable Telephone System. Targeted for the cable/telephone industry, the FPN1000 provides network operators the ability to deliver switched voice to the home over their existing coaxial cable plant. This equipment is able to operate within a 100-mile serving area and is well suited to the fiber optic modernization plans of the CATV industry. First Pacific's patented technology enables telephone and data communications to coexist with broadcast video transmission over hybrid fiber/coaxial CATV networks. Entergy Corporation owns 9.95 percent of First Pacific.

Time Warner and TCI formed a joint venture to pursue development and

implementation of compatible hardware and software for interactive broadband networks. By joining forces, the nation's two largest CATV providers hope to encourage suppliers of network components and services to create compatible products, insuring interoperability of cable systems as they expand into new markets, including the provision of telecommunications services.

Time Warner and Vision Cable Communications announced that they plan to build a fiber-optic network for business customers in Charlotte, not only to compete with Southern Bell but also PrivaCom. PrivaCom has installed 37 miles of cable in Charlotte and plans to place about 15 more miles to complete its network.

British Telecom announced that it would invest \$4.3 billion to buy a 20% stake in MCI. The two companies will form a new \$1 billion joint venture to develop an intelligent network platform to provide a wide array of sophisticated seamless global voice and data telecom services targeted to large multinational corporations. Atlanta-based Syncordia, BT's 18-month-old international outsourcing subsidiary, which holds \$200 million worth of contracts but had not yet shown a profit, will be folded into the joint venture. As part of the agreement, MCI will pay \$125 million to acquire 100% of BT's US-based subsidiary, BT North America. The cash infusion will allow MCI to pursue its twin core strategies of forming global alliances and expanding its presence in local competition and new areas of telecommunications such as multimedia, wireless, and PCS. The agreements were executed in August.

Teleport signed letters of intent with eleven major cable operators to establish joint ventures to build new local fiber networks. Partners include Cablevision Industries, Crown, Hyperion, InterMedia, Maclean Hunter, Time Mirror, and Viacom. Teleport owners Comcast, Continental, Cox and TCI will also be joint venture partners. Within the region, the deal involves building a new fiber network in Miami.

Intertel Communications, Inc. announced that it had completed funding of a private placement for \$8.25 million with a group of institutional investors. The proceeds will be used for expansion into new markets and entry into switched services. Later in June, Intertel announced that it had acquired Privacom Inc. of Charlotte through its wholly owned subsidiary, Teleport Denver. The transaction was valued at approximately \$5 million in cash and stock. Privacom's 37-mile fiber optic network in Charlotte has been operational since April 1993.

July 1993

Allnet Communication Services announced the acquisition of the specialized 800 customer base of Call Home America, Inc. Call Home America has approximately 50,000 customers currently generating annual revenue of approximately \$20 million.

Omaha-based Peter Kiewit Sons, Inc. announced a deal to buy a diversified local telephone company, Pennsylvania-based C-Tec Corporation, for \$200 million, giving Kiewit, owner of MFS, entry into CATV, cellular, long distance, local and wireless services. A new subsidiary, Residential Communications Network Corporation, will be created to tackle the residential telephone and CATV markets. The deal would expose MFS to additional lines of business that it may

wish to participate in through alliances or joint ventures. **MFS** declined to comment on the acquisition, characterizing it as a "Kiewit deal." However, there was widely based industry speculation that there would ultimately be a melding of **MFS** and **C-Tec** in some form.

Cable Television Labs (the research arm of the **CATV** industry) and **Motorola** announced an agreement under which they will evaluate various alternatives blending cellular and **PCS** mobile radio systems with the **CATV** industry's broadband network.

The **Southern Company** announced plans to create a subsidiary to provide wireless communications services for its five electrical utilities. **Southern Company** and **Georgia Power** are based in Atlanta. **Alabama Power**, **Southern Company Services**, and **Southern Nuclear Operating Company** are based in Birmingham. **Southern's** utilities now each use their own radio communications systems. The new company, **Southern Communications Services Inc.**, will also sell its excess wireless capacity to government agencies and large companies. **Southern** plans to have the system in place sometime in 1994.

August 1993

Sprint announced that it was joining a consortium of international communications and industrial companies as an investor in **Iridium, Inc.** to establish a satellite-based, wireless personal communications network being designed and developed by **Motorola**. **Sprint** will serve as managing partner of the system's North American gateway.

AT&T and **McCaw Cellular Communications** announced a definitive merger agreement for an all-stock transaction valued at about \$12.6 billion--a substantially different deal than the one announced in November 1992 in which **AT&T** would purchase a one-third interest for \$3.8 billion.

AT&T announced a new transport system for multimedia applications, a telephony access to the public switched network that employs fiber optics and broadband coaxial cable. The system could significantly boost **CATV** coax-based architectures' capabilities to offer telephone services. The new distribution system, called **Cable Loop Carrier-500**, will be trialed by **US West** and **TCI** in the United Kingdom as part of their **TeleWest** joint venture.

Intertel Communications (Teleport Denver) announced a name change to **IntelCom Group, Inc.**, reflecting its "vision of becoming a leading information networking company providing transport, switching, provisioning and management of voice, data, image and video services worldwide." **ICG-Access Services** will be the marketing and operating entity for its competitive access networks. Currently operating in Charlotte (by acquiring **Privacom** in June), **ICG** announced expansion plans into Louisville through the acquisition of 80% of **Ohio LINX**, completed in October. The debt portion of the deal was handled with **AT&T Capital Corp.** which indicated a desire to finance future projects.

Entergy announced that **Sprint** and **Honeywell** were joining in the expanded pilot test of **Entergy's** and **First Pacific Networks'** **Customer Choice 2000** technology in **Little Rock's** **Chenal Valley**. **Entergy Enterprises** president **Jack King** said "Energy efficiency, conservation, lower energy bills, remote meter reading, and

multiple telecommunication services through a fiber optic-based "information super highway" are a few of the potential benefits residential customers may derive from CC2000 technology." The prospect of leveraging a shared fiber super highway attracted Sprint. According to Donald H. Goldman, Sprint VP, Corporate Development, "Sprint is looking forward to exploring relationships with energy companies and, in particular, providing Sprint's broad telecommunications expertise in the CC2000 program."

September 1993

FiberCom, Inc., a new CAP based in Raleigh, announced plans to build a 45-route-mile fiber optic network to serve the Raleigh, Durham, Cary, and Research Triangle Park area. Construction was scheduled to begin in early October with the \$20 million network operational by year end. FiberCom is "exploring other opportunities in the Southeast" and plans to enter "another two markets in 1994." The privately held company is wholly owned by Raleigh entrepreneur Peter T. Loftin, who also owns Business Telecommunications Inc. (BTI), a long distance reseller. FiberCom has agreements to connect its network to the following IXC POPs: AT&T, MCI, Sprint, WilTel, and BTI. In the second quarter of 1994, FiberCom will expand its target market to include end users. Other CAPs planning to enter the Raleigh area include Time Warner AXS and FiberNet.

MCI and Intel announced their agreement to explore and develop opportunities for integration of the PC and telephone via PC-based data, audio, and video conferencing. Earlier this year, Intel made a number of related announcements including separate agreements between Intel, Ameritech, Bell Atlantic, Pacific Bell, Ericsson, and Siemens to explore development of integrated telephone/PC technology and services.

Rather than wait for regulatory approval, The Southern Company worked a different deal with First Pacific Networks. Under letter of intent, First Pacific will license its technology to Southern Company for an initial license fee installment of \$5 million. A portion of the fee will be paid to Entergy Enterprises which helped develop the technology. Southern Company will buy 3500 of FPN's PowerView systems for use in its service territory (Georgia, Florida, Alabama, and Mississippi), with an option to buy 5000 more and receive an initial 25% of sales of PowerView licenses by FPN. The Southern Company is also picking up a warrant to buy 9.95% of First Pacific when regulatory approval is obtained.

October 1993

American Business Information, Inc., an Omaha-based compiler and distributor of business information, announced the formation of an alliance with Nebraska-based Lincoln Telephone Company and Huntel Systems to create a new nationwide business directory assistance service. ABI compiles information from the more than 5,000 Yellow Page directories, business White Pages, annual reports, SEC filings, and public records. The service is accessed through a toll-free number (1-800-808-INFO).

NYNEX and Viacom announced a new strategic relationship--NYNEX will invest \$1.2 billion in Viacom, with the blessing of Paramount and Blockbuster. According to Viacom's Chairman, "In NYNEX we have gained a partner with vast global expertise

in telecommunications services, and with whom we intend to devote resources to the joint pursuit of opportunities ranging from local high-speed telephone to international cable networks. This is another tremendous show of support for the vision shared by Viacom, Paramount and Blockbuster, a vision that encompasses the international opportunities of a digital, multimedia, interactive world."

Bell Atlantic, TCI, and Liberty Media announced that they signed a letter of intent to merge. The companies expect to close the transaction in late 1994.

Cox Cable entered the competitive access business in the Hampton Roads area of Virginia through a new entity--Cox Fibernet. With a CATV network in the area, Cox Fibernet will operate as an affiliate of Teleport. Cox plans to offer alternate access in other midsize cities nationwide where it has cable franchises.

November 1993

Bell Atlantic and Teleport announced that they plan to build facilities to provide an ultra-reliable, high-speed fiber optic ring between New Jersey and New York to meet business customers' needs.

Motorola agreed to a deal with Nextel Communications involving rival technology that uses radio frequencies once reserved for taxi and truck dispatch services. Motorola will sell Nextel its vast patchwork of "specialized mobile" radio services which can be upgraded with digital technology that makes them almost indistinguishable from cellular phone networks. For Nextel, the acquisition will go a long way toward creating a nationwide alternative to the cellular telephone network. Nextel has been buying up dispatch services around the country and will upgrade these systems with technology developed by Motorola.

U. S. Intelco Networks, a private company owned by almost 300 independent telephone companies, formed the U.S. Intelco PCS Consortium in response to requests from independent telecommunications providers for a national organization to help them determine how to become involved in the emerging PCS market. The consortium is open to cable, CAPs, manufacturers and cellular companies as well as independent telcos.

Time Warner and Adelphia (Hyperion) formed a joint venture company to provide business and management services to their parent companies and other local cable alternative access providers. The venture, Time Warner-Hyperion Communications, will offer help with network management, contract negotiations, billing, accounting, and large customer sales.

MCI, Jones Lightwave, and Scientific-Atlanta announced the trial of telephony over CATV. Using Scientific-Atlanta's CoAccess technology, the companies will provide long distance service in Alexandria, VA and local and long distance service in Chicago over CATV facilities starting next March. MCI senior vice president Nate Davis said "if we don't find competition emerging in the local industry, we will become local providers ourselves." The trial will likely last 18-24 months while the three partners gather both technological and market information and decide whether to go commercial. MCI indicated it has plans for similar trials and is talking to cable providers in other parts of the country.

December 1993

Time Warner (16.67%) joined TCI (24.95%), Continental (16.67%), Comcast (16.67%) and Cox (25.05%) as part owners of Teleport Communications Group. They also formed a joint venture to create metropolitan areawide communications networks to compete directly with telephone companies, and will recruit other CATV participants. The venture will be organized on three levels, with ownership of each different: 1) nationwide umbrella organization that would provide support services for local joint ventures; 2) "line-of-business" joint ventures for each type of service, e.g. PCS; 3) local ventures that would interconnect systems, allowing new communications services to be transmitted to a national network.

Viacom, Intel, and General Instrument agreed to jointly test new high-speed modem technologies which enable users of home PCs to access information services through the cable infrastructure. The one-year test is scheduled to begin in the second quarter of 1994 at Viacom's state-of-the-art cable system in Castro Valley, California. The cable modem was one of many related announcements at the Western Cable Show in Anaheim, California. Scientific-Atlanta and Hewlett-Packard both said they'll begin supplying set-top converters to TCI, and Hewlett-Packard will begin delivering printers that work with video images to Time Warner for its full service network in Orlando. Eastman Kodak said its Picture Exchange, an on-line imaging service which allows for sharing photos over cable, is now operational.

BCE Inc., the largest publicly held company in Canada whose properties include Bell Canada and a 52% stake in Northern Telecom, signed a letter of intent to pay \$400 million for a 30% stake in Jones Intercable and an option to eventually buy control of the whole company. Jones is the seventh largest CATV operator in the U.S., with 1.6 million subscribers.

Cox Enterprises and Southwestern Bell agreed to form a cable joint venture with \$4.9 billion in assets that will exploit CATV, telephone and interactive media opportunities in each other's markets. Cox is contributing 21 cable systems valued at \$3.3 billion and Southwestern is supplying \$1.6 billion in cash or cable systems. The two companies will create a third company, based in Atlanta, that will move quickly to expand its subscriber base to at least four million customers from 1.6 million by buying cable operators or swapping interests in the venture. Southwestern Bell executives wouldn't comment on reports that they are negotiating to buy Wometco Cable and Georgia Cable Television. Analysts believe that Southwestern Bell is still interested in buying Cablevision Systems Inc., the fourth largest cable company in the U.S.

January 1994

MCI announced its long range vision, unveiling plans for a subsidiary to provide fiber rings and local switching infrastructure in major US markets. MCI Metro, a wholly owned subsidiary, is expected to invest \$2 billion in facilities to connect directly to customers and provide alternative local telecommunications services. Construction has already begun in Atlanta, with completion expected by mid-year. Initially targeting the 20 largest US cities, MCI also owns properties and rights-of-way in 200 cities through its purchase four years ago of Western Union's right-of-way. MCI Metro is only a part of MCI's broader long range vision, networkMCI, which includes an investment of more than \$20 billion

in MCI's transcontinental information superhighway.

The Glasgow, Kentucky Electric Plant Board began offering local service to commercial customers over its CATV system, directly competing with GTE. MCI was preparing to trial a long distance application. Despite the deal in place, officials from Glasgow say that sufficient capacity exists to rent bandwidth to all comers. Headed by the superintendent of the Electric Plant Board, Washington's newest telecommunications lobbying group, the American Public Info-Highway Coalition (APIC), has a two-part mission: 1) persuade the Administration and Congress that electric utilities can play a key role in supplying information infrastructure and 2) persuade electric utility industry that its members can play a key role.

MCI and Newbridge Networks announced a marketing alliance to jointly develop and market high-performance private and public networking solutions. Included in the program are MCI's HyperStream Frame relay, private line services, MCI Vnet, 800 and Vision voice services.

TCI, Microsoft and Pacific Gas & Electric, a San Francisco area utility, announced that they would test market delivery of energy information services to 2,000 homes in California via TCI's CATV network.

First Pacific Networks announced a three-year agreement with SANYO Electric Co. Ltd. to provide FPN with manufacturing capacity for its FPN1000 Cable Telephone System which provides telephone communications over hybrid fiber/coax cable networks and expertise in developing future products that combine voice, video and data.

Pacific Telesis Video Services and AT&T announced an interactive TV trial beginning November 1994 in the Silicon Valley suburb of Milpitas.

February 1994

As part of its MCI Metro plans, MCI announced that it would build fiber optic networks in Miami and Fort Lauderdale, Florida. MCI said that its downtown business networks would be completed within two years and that it would expand the network within five years to offer telephone services to residential and business customers throughout Dade and Broward counties.

MCI and Comdisco announced an agreement to offer equipment leasing services. The lease program covers all standard and non-standard MCI-provided customer premises equipment and a host of non-MCI-provided products from approved manufacturers. It requires a minimum \$5,000 leasing expenditure.

LCI International concluded definitive agreements to acquire Teledial America of North Carolina, a reseller that operates in North Carolina, South Carolina and Tennessee.

La-Man Corp, Vision Trust Marketing of Florida, and MCI have entered into a series of agreements to provide MCI services at substantial discounts to church organizations and an estimated 21 million church members nationwide. Participating church members will receive substantial savings under the MCI Preferred Homeworks program. Church organizations will receive a fee from